PSJ3

Exhibit 560

To: Bennett, Jeff[Jeff.Bennett@cardinalhealth.com]; Hartman, Mark[Mark.Hartman@cardinalhealth.com]; Mone, Michael[Michael.Mone@cardinalhealth.com]; Fong, Ivan[Ivan.Fong@cardinalhealth.com]; Morford, Craig[craig.morford@cardinalhealth.com]
From: Falk, Steve
Sent: Wed 5/14/2008 8:01:07 PM
Subject: FW: "now and then" document
Document.pdf

Fyi

From: Avergun, Jodi [mailto:Jodi.Avergun@cwt.com]
Sent: Wednesday, May 14, 2008 1:55 PM
To: Cote, Larry P.
Cc: jcarney@bakerlaw.com; Goldsand, Corey; Falk, Steve
Subject: "now and then" document

Larry, as we discussed this morning, I am attaching a pdf version of the now and then document we reviewed with you yesterday. This version is marked "FOIA confidential treatment requested by Cardinal" and clarifies the question you raised about customers whose orders approach 75% of their threshold. We'd appreciate it if you would replace the version in your binder with this document as corrected. Thanks so much.

From: Jay, Joseph
Sent: Wednesday, May 14, 2008 12:14 PM
To: Avergun, Jodi
Subject:

CARDINAL HEALTH, INC.

	THEN (November 2005 – December 2007)	NOW (Post December 1, 2007)

Personnel Resources	• QRA VP with anti-diversion and other regulatory responsibilities (Steve Reardon)
	• One QRA director with primary responsibility for Internet pharmacy investigations (Eric Brantley)
	• One compliance employee at each division reporting to local DC management in business line, many of whom had multiple non-compliance responsibilities.
		• New Chief Compliance Officer with significant government leadership experience reporting directly to the Chairman & CEO and the Audit Committee.
		• 10 new positions within QRA dedicated to anti-diversion, including:
		  • SVP for Supply Chain Integrity and Regulatory Operations (Mark Hartman) focused on anti-diversion, reporting directly to the Chief Compliance Officer and CEO for supply chain business.
		  • VP for Anti-Diversion exclusively focused on anti-diversion (Michael Mone, former state board of pharmacy executive and prosecutor).
		  • VP of Quality and Regulatory Affairs focused on overseeing DC level anti-diversion and regulatory compliance efforts (Steve Reardon).

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	THEN (November 2005 – December 2007)	NOW (Post December 1, 2007)
		• Two corporate-based experienced pharmacists to conduct anti-diversion investigations reporting directly to Michael Mone. • Two field based experienced former health care or law enforcement investigators to conduct anti-diversion investigations, (with two additional positions to be filled). • Each DC has a dedicated professional compliance manager (24 in total) who reports through a regional director to Steve Reardon, VP QRA, i.e., no reporting of field compliance to DC heads.
Suspicious Order Monitoring System/KYC	• DC staff to identify and report potentially suspicious or excessive purchases of controlled substances after shipment. • Ingredient limit report sent to DEA monthly by each division. • Dosage limits charts.	• Electronic system to identify, block, and report sales of controlled substances to retail independent customers based upon a pre-determined monthly threshold for 102 controlled substance drug families.

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	• Investigations by a QRA director (Eric Brantley) began in November 2005. • KYC focused on credit-worthiness prior to November 2005.	• System blocks orders of controlled substances which are in excess of the pre-determined monthly threshold pending analysis by anti-diversion staff. • System-generated email notification to sales person for blocked order alerting them that their customer has hit a threshold. Sales representatives are required to contact customer, initiate inquiry into propriety of order and, where appropriate, conduct due diligence as to overall nature of customer's business. Also, the system generates a report for internal QRA use only, of customers whose orders are at 75% of their threshold, so that QRA personnel can begin analysis of account. • System-generated mandatory questionnaire to customer with threshold event asking for justification. • These orders are analyzed by professional anti-diversion staff members with pharmacy, prosecutor, and/ or law enforcement experience.

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		• KYC due diligence, pharmacy site visits, and other investigative processes may be employed to determine whether quantities ordered are legitimate.
		  • Since January, 3,332 threshold events occurred and were analyzed.
		• Orders which are identified as potentially suspicious by anti-diversion staff are reported to DEA.
		  • Since January, 34 suspicious orders have been reported to DEA. (Reminder: Cardinal willing and able to report orders earlier in process if desired by DEA.)
		• All customers with threshold events required to complete a non-diversion agreement.
		• KYC for all new retail independent customers are assessed by the anti-diversion staff.

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		• Cardinal has declined to open customers because they pose an unreasonable risk of diversion at both the sales and QRA level. (7 declined by corporate; an additional number were declined by the field, but this number had not been tracked). • Mandatory twice monthly ride-alongs by compliance personnel with sales people during sales visits. • Mandatory sales force attention to compliance issues during sales visits. • Mandatory quarterly in-person visits to each retail independent customer to assess compliance. • Amnesty program for sales force for identifying and reporting suspicious customers.
Organizational Structure	• Diffuse compliance reporting structure – field-based anti-diversion personnel reported to business heads.	• Optimized compliance-centric structure with all anti-diversion personnel reporting up to the Chief Compliance Officer.

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		• Elimination of dual ethics and compliance role. • Elimination of influence of business reporting line. • Regulatory counsel report to chief counsel. • No more split responsibility.
Training	• Live trainings at six locations throughout the country during the spring and summer of 2006. Focused on secondary market and Internet pharmacy diversion • Development and presentation of two mandatory computer-based trainings in August and December 2007 for all sales personnel and field operations managers. Focused on Internet Pharmacy diversion.	• Full day training at headquarters in February 2008 conducted by internal and external anti-diversion experts. 170 employees, including operations, sales, and QRA management were flown in from across the country and trained. • Two-day, sixteen-hour course in February 2008 to 'train the trainer' on delivering anti-diversion training to field staff. • In March 2008, 1,479 employees in sales and DC operations completed a four-hour live anti-diversion training. 90 separate classes were conducted.

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		• In March 2008, 228 customer service center employees who support retail independent customers received a live two-hour anti-diversion training. 40 separate classes were conducted. • Targeted training in May 2008 of PBCs with highest volume customers. • Online assessment and certification process will be employed to reinforce lessons from March 2008 training. • Next steps include additional training at upcoming summer sales conferences, development of additional training programs and on line refreshers.
Tone at Top	• Few if any directives from leadership of company regarding controlled-substance anti-diversion	• Repeated directives from Chairman and CEO, Kerry Clark, emphasizing the need to prevent diversion. • Bi-weekly meetings conducted by SVP for Supply Chain Integrity to discuss anti-diversion, involving sales, QRA and operations

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		• Internal and External Medication Safety Website emphasizing importance of diversion issue, linking to resources, explaining risks and responsibility. To be available on Cardinal internal and external websites • Reinforcement of corporate-wide responsibility for preventing diversion • Creation and distribution of wallet cards for sales force highlighting anti-diversion alert signals. Sales force required to carry.
Retail Business Conference	• Annual business conference held in mid-late summer for retail independent pharmacies during which customers were offered discounts on pharmaceutical purchases (including controlled substances) often resulting in large or bulk orders purchased and shipped in late summer/early fall.	• Effective immediately, no controlled substances will be offered for sale at the retail business conference.